

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Priority Mail Express, Priority Mail &
First-Class Package Service Contract 7
(MC2016-55)
Negotiated Service Agreement

Docket No. CP2016-70

PUBLIC REPRESENTATIVE COMMENTS ON
THE UNITED STATES POSTAL SERVICE NOTICE OF AMENDMENT
TO PRIORITY MAIL EXPRESS, PRIORITY MAIL & FIRST-CLASS PACKAGE
SERVICE CONTRACT 7

(February 2, 2017)

The Public Representative hereby provides comments pursuant to the Commission's Notice Initiating Docket(s).¹ In that Notice, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of an amendment to Priority Mail Express, Priority Mail & First-Class Package Service Contract 7.² Attachment A to the Notice consists of a redacted version of the Amendment to Priority Mail Express, Priority Mail & First-Class Package Service Contract 7. The non-redacted amendment was filed under seal.

In Order No. 2983, the Commission approved the Postal Service's request to add a new product identified as Priority Mail Express, Priority Mail & First-Class Package Service Contract 7 to the Competitive product list.³ The Amendment updates the pricing mechanism. Contract 7, as amended, does not alter the established expiration date

¹ Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, January 30, 2017 (Notice).

² Notice of United States Postal Service of Change in Prices Pursuant to Amendment to Priority Mail Express, Priority Mail & First-Class Package Service Contract 7, January 27, 2016 (Amendment).

³ See Order No. 2983, Order Adding Priority Mail Contract 7 to the Competitive Product List, Docket Nos. MC2016-55/CP2016-70, January 6, 2016.

from the original Order. The effective date of the Amendment is one business day following the day on which the Commission issues all necessary regulatory approvals.

COMMENTS

The Public Representative has reviewed Priority Mail Express, Priority Mail & First-Class Package Service Contract 7 and the Postal Service's Amendment. The Public Representative was unable to review the financial work papers as they were not submitted, but did review the proposed amendment relative to the original contract. Based upon that review, the Public Representative recommends Commission approval of the Amendment to Priority Mail Express, Priority Mail & First-Class Package Service Contract 7. It appears that the contract as amended should continue to generate sufficient revenues to cover costs and thereby satisfies the standards of 39 U.S.C. § 3633(a). The Public Representative encourages the Postal Service to always submit workpapers to amendments when there is a foreseeable impact on cost coverage. Additionally, the Public Representative encourages the Postal Service to reply to the Commission's requests for information by their stated deadlines if the Postal Service wants timely review. Finally, the Public Representative urges the Commission to scrutinize this contract during their end of year review to ensure compliance.

Requirements of 39 U.S.C. § 3633. Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. Based upon a review of the financial model, it appears the prices as amended should continue to generate sufficient revenues to cover costs during the next year. In addition, the Postal Service must file revenue and cost data for Priority Mail Express, Priority Mail & First-Class Package Service Contract 7 in future Annual Compliance Reports. This data will permit the Commission to annually review the financial results for Priority Mail Express, Priority Mail & First-Class Package Service Contract 7 in future Annual Compliance Determination (ACD) reports for compliance with 39 U.S.C. § 3633(a).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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